



west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston, WV 25304
Phone: 304-926-0495 / Fax: 304-926-0463

Harold D. Ward, Cabinet Secretary
dep.wv.gov

MEMORANDUM

To: Water Development Authority

From: Katheryn Emery, P.E., Program Manager
Sewer Technical Review Committee

Date: July 20, 2026

Subject: Cowen PSD
IJDC Application – 2026S-2806
Phase IV WWTP Improvements Project

1. This committee has reviewed the preliminary application and engineering report submitted for the above referenced project in accordance with Chapter 31, Article 15A. It has been determined that the proposed project is:
 - a. ☒ Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective, environmentally sound alternative for solving the water needs in this area.
 - b. ☐ Not consistent with the Act and may not be the most cost effective, environmentally sound alternative for solving the wastewater needs in this area.
 - c. ☐ Same as (a) above except that certain issues need to be addressed prior to design and construction as the attached comments indicate.
2. Our recommendation is that:
 - a. ☒ The Funding Committee needs to review the proposed sources of funding to determine the best mix of grant and/or loan funds in accordance with applicable guidelines.
 - b. ☐ The Funding Committee should recommend that the Council approve the proposed project and its funding plan.

- c. ____ The Funding Committee does not need to review the funding assumptions on this project because of deficiencies in the engineering report. The proposed project should be tabled for the consultant to address technical comments.
- d. ____ This project should be referred to the Consolidation Committee.

3. Other remarks:

The proposed project will upgrade the existing wastewater treatment facility to address Notices of Violation issued by the DEP. This project will also provide the PSD with one work truck, one service truck, and a skid steer. Additionally, this project includes a sewer system evaluation study (SSES) and the design of a Phase V project to evaluate the collection system and address identified sources of infiltration and inflow (I/I), which is currently estimated at 73%.

The proposed cost for this project is \$4,200,000. The PSD will pursue a funding scenario consisting of a \$2,000,000 CWSRF Principal Forgiveness Loan, a \$1,200,000 CDBG grant, and a \$1,000,000 IJDC Grant. The proposed monthly rate for 3,400 gallons is \$71.62 (3.10% MHI).

A variance for the total engineering fee will be required.

Preliminary Project Ratings:

Public Health Benefits:	10
Compliance with Standards:	15



WEST VIRGINIA DEPARTMENT OF HEALTH
Bureau for Public Health

Arvin Singh, EdD, MBA, MPH, MS, FACHDM, FACHE
Secretary of Health

Mark E. McDaniel, DO, FAAFP
Acting Commissioner & State Health Officer

MEMORANDUM

TO: Meredith J. Vance, Director
Environmental Engineering Division

FROM: Patrick Murphy, P.E.
Environmental Engineering Division

DATE: June 30, 2026

SUBJECT: Cowen Public Service District
IJDC Application- **2026S-2806**
Plant Upgrade
Webster County

Recommendation: This preliminary application and Preliminary Engineering Report has been reviewed and is technically feasible.

Project Scope: No project scope was addressed within the PER; however, under Alternative 1, the project will perform repairs necessary to rehabilitate the aging wastewater treatment plant.

The total project cost is **\$4,200,000.00**

Need for the Project: The need for the project is to upgrade the plant to replace and/or repair aging equipment and infrastructure.

Concerns: No concerns noted.

Permits: A permit **will be** required from the WV Bureau for Public Health prior to construction. Other permits and/or consultations that are anticipated for this project include: WVDEP, WVDOT, WVDNR, USF&W, WVSHPO, and USCOE.



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MEMORANDUM

TO: Katheryn Emery, P.E., Program Manager, DWWM

FROM: Michael King, P.E., DWWM

DATE: July 13, 2026

SUBJECT: Cowen Public Service District
Preliminary Application: IJDC No. 2026S-2806
Phase IV WWTP Improvements Project

RECOMMENDATION

The IJDC application and Preliminary Engineering Report (PER) prepared by The Thrasher Group for the above referenced project have been reviewed and are technically feasible.

PROJECT DESCRIPTION

The Cowen Public Service District (PSD) serves 543 residential customers and one (1) industrial customer in the Town of Cowen and surrounding areas of Webster County, West Virginia under NPDES Permit No. WV0037397. The PSD's collection system conveys flow to its 0.5 MGD sequential batch reactor (SBR) wastewater treatment plant (WWTP), which discharges into Long Glade Creek, a tributary of the Gauley River.

The proposed project will construct a new open shelter with electric infrared heaters for the headworks, replace the existing bar screen and grit removal and classifier with a new packaged headworks unit, repair the deteriorating concrete of the ultraviolet (UV) basin, and replace components of the SBR. This project will also provide the PSD with one work truck, one service truck, and a skid steer.

The proposed cost for this project is \$4,200,000. The PSD will pursue a funding scenario of \$2,000,000 of CWSRF Loan (Principal Forgiveness), \$1,200,000 of Community Development Block Grant, and \$1,000,000 of IJDC Grant. The proposed monthly rate for 3,400 gallons is \$71.62 (3.10% MHI)

NEED FOR PROJECT

While the PSD's WWTP was converted to an SBR in 2012, various parts of the WWTP are in need of renovation/replacement. The mechanical bar screen and screenings compactor, as well as the centrifugal grit removal unit and grit classifier are badly worn, and the bar screen is no longer operational. Portions of the SBR equipment and controls have also failed and the equipment is currently being operated manually rather than automatically. The precast concrete structure supporting the UV system is deteriorating and is structurally deficient. These deficiencies need to be addressed in order to maintain compliance with the PSD's NPDES Permit. The WWTP was issued two Notices of Violation (NOVs) for exceeding effluent limitations and other minor violations (on May 6, 2024 and January 28, 2025).

Additionally, this project includes a sewer system evaluation study (SSES) and the design of a Phase V project to evaluate the collection system and address identified sources of infiltration and inflow (I/I), which is currently estimated at 73%.

DEFICIENCIES/COMMENTS

- A public meeting needs to be held.
- A cybersecurity assessment is recommended.
- Using the Combined Application, the Total Engineering Fees appear to be above the ASCE Curves. A variance will be required.
- The PER proposed \$1,200,000 from ALMER rather than CDBG as shown in the application.

Preliminary Project Ratings:

Public Health Benefits	10
Compliance with Standards	15

Public Service Commission of West Virginia

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
Fax: (304) 340-0325



July 13, 2026

Brad Sergent, Chair

Water Development Authority, Acting Executive Director

Katheryn Emery, P.E., Program Manager

CWSRF & DWTRF, Division of Water and Waste Management, WVDEP

Meredith Vance, Director

Environmental Engineering Division, WVBPH

Re: Public Service Commission Staff Review Comments

Application No. 2026S-2806

Cowen PSD – Wastewater Treatment Plant (Phase IV)

Infrastructure Preliminary Application

As requested, the Technical Staff of the Public Service Commission of West Virginia has completed its review of the above-referenced Infrastructure application. In light of Technical Staff's comments enclosed herewith, we are recommending the application be:

☒ Forwarded to the Funding Committee

☐ Forwarded to the Consolidation Committee

☐ Returned to the Applicant

Please advise if you have any questions.

Sincerely,

Brandon Crace

Brandon Crace
Engineering Division

Enclosures

**PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW**

DATE: July 13, 2026

PROJECT SPONSOR: COWEN PUBLIC SERVICE DISTRICT – (SEWER)

PROJECT SUMMARY: The Cowen PSD is proposing to pursue its Phase IV Wastewater Treatment Plant Improvements project, which will replace failed equipment, make certain repairs to structures, and purchase ancillary equipment.

PROPOSED FUNDING: CWSRF Principal Forgiveness	\$2,000,000
IJDC Grant	1,000,000
CDBG Grant	<u>1,200,000</u>
Total	\$ 4,200,000

**CURRENT/
PROPOSED RATES:**

\$71.62	3,400 gallons
\$84.00	4,000 gallons

Application No.2026W-2806

RECOMMENDATION: ☒ Forward to the Funding Committee
☐ Forward to the Consolidation Committee
☐ Return to the Applicant

FINANCIAL: Nathan Nelson

1. Current rates (\$71.62 for 3,400 gallons) are above the rates attributable to 1.25% (\$34.75), 1.5% (\$41.70), 1.75% (\$48.65) and 2.0% (\$55.60) of the Median Household Income.
2. Using Scenario 1, the preferred funding package consisting of CWSRF Principal Forgiveness of \$2,000,000, an IJDC Grant of \$1,000,000, and a Community Development Block Grant of \$1,200,000, proposed rates (\$71.62 for 3,400 gallons) will provide a cash flow surplus of \$7,703 and debt service coverage of 142.57%.

3. Using the Scenario 2 alternate loan package of \$4,200,000 (in uncommitted funds) at 5% for 40 years (paid back over 38 years), proposed rates (\$95.76 for 3,400 gallons) will provide a cash flow deficit of \$5,092 and debt service coverage of 121.79%. An additional 0.7% (for a total of \$96.43 for 3,400 gallons) increase in proposed rates will be required in order to provide a cash flow surplus of \$1,733 and debt service coverage of 123.46%.
4. Notes to Comments:
 - A. Staff's detailed adjustments are listed on Attachment A for Scenario 1 (Preferred Funding Package) and Attachment B for Scenario 2 (Loan Package).
 - B. Staff prepared the attached Cash Flow Analysis utilizing information from the Annual Report for the Fiscal Year Ended June 30, 2025, and the applicant's cash flow statements submitted with the application.
 - C. Staff notes that the Applicant's current rates became effective for all service rendered on and after October 2, 2025, upon substantial completion of the Upper Glades extension project (2014S-1515). The Going Level adjustments have included this increase and have also included revenues and expenses from the Bolair sewer extension project (2023S-2401).
 - D. Senate Bill 234, effective June 12, 2015, required water and sewer utilities that are political subdivisions of the state to maintain a cash working capital reserve in an amount of no less than one-eighth (1/8) of actual annual operation and maintenance expenses. It should be noted that the cash flows provided by the project sponsor include funding at a level of 50% of the amount that would be required for 1/8th of its annual O&M expenses. Staff accepted that amount in its analyses, as it appears the District's CWCR is fully funded. However, this amount may be reviewed by the Commission in future filings in accordance with Public Service Commission General Order 183.11.

ENGINEERING: Brandon Crace

1. Pursuant to House Bill 2742 passed in the 2025 Legislative Session, this project will not require a Certificate of Convenience and Necessity from the PSC.

2. Scope: The Cowen PSD is proposing to pursue its Phase IV Wastewater Treatment Plant Improvements project, which will replace failed equipment, make certain repairs to structures, and purchase ancillary equipment. The proposed project scope includes: mobilization, pre-construction video, erosion and sediment control, headworks shelter, packaged headworks equipment (automatic bar screen & grit classifier), miscellaneous grit and screening bins, electrical and mechanical improvements, infrared heater, structural modifications to UV system, SBR improvements, equipped service truck, mechanic's service truck, skid steer, "other maintenance related equipment", and necessary appurtenances. The estimated construction cost is \$2,900,000 (includes 14.40% construction contingency), and the estimated total project cost is \$4,200,000.

Need: The PER indicates that the concrete structure supporting the UV Disinfection System has structural issues and is deteriorating. The PER also states that the mechanical bar screen, screenings compactor, centrifugal grit removal unit and grit classifier are either badly worn, or no longer operational. SBR equipment and controls have failed, which are now being manually operated. The PER states that I&I currently exceeds 72% of the treated volume.

Customer Density: This project is an upgrade project; therefore, customer density will remain unchanged.

Cost per Customer: Based upon the estimated total project cost is \$4,200,000, and having approximately 543 customers, the cost per customer will be approximately \$7,735. However, the cost per customer in terms of proposed borrowing is \$0, as the proposed funding is 100% grant.

3. Project Alternatives: The PER indicates that 3 Alternatives were considered: Alternative #1 – WWTP Improvements, Alternative #2 – Construct New WWTP at New Site, and Alternative #3 – Do Nothing. The PER indicates that Cowen PSD proposes to pursue Alternative #1.
4. Consolidation: There are no consolidation opportunities presented by this project.

5. Operation and Maintenance (O&M) Expenses: The PER did not include a detailed breakdown, but did provide a brief discussion of anticipated changes to O&M expenses. The PER indicates that O&M expenses are anticipated to increase by approximately \$12,000 annually due to purchased power (infrared heater), diesel fuel, scheduled maintenance, and insurance.
6. Engineering Agreement: The application includes information to determine compliance with West Virginia Code §5G-1-1, et seq. Total technical services (engineering) costs for the project are \$1,000,000, which is equal to 34.48% of the construction cost of \$2,900,000 (includes 14.40% construction contingency). *This Application is requesting \$200,000 in Engineering Design Fees associated with Phase V. There has not been an Application filed at IJDC for the Phase V project.*
7. Deficiencies/Comments:
 - This Application is requesting \$200,000 in Engineering Design Fees associated with Phase V. There has not been an Application filed at IJDC for the Phase V project. *This \$200,000 is not needed or necessary to complete the proposed construction scope identified in the 2026S-2806 Application. Additionally, this additional request equates to 4.76% of the Total Project Cost and 20% of the Total Technical Services.*
 - This Application includes \$300,000 to purchase ancillary equipment (equipped service truck, mechanic's service truck, skid steer, "other maintenance related equipment").
 - The PER states that I&I currently exceeds 72% of the treated volume, and the proposed project scope does not include any collection system improvements that would address/reduce the high I&I volumes.
 - Cowen PSD's IJDC Application (2026W-2805) for Phase III also included an equipped service truck.

COWEN PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2806
July 13, 2026

**PREFERRED FUNDING PACKAGE
SCENARIO 1**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	794,634	794,634	(33,474) (1)	761,160
Other Operating Revenue	2,000	2,000	-	2,000
SB 234 Annual Working Cash Collections			33,474 (2)	33,474
Interest Income & Other Misc.	-	-	-	-
Total Cash Available	796,634	796,634	-	796,634
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	535,577	535,577	-	535,577
Taxes	17,690	17,690	-	17,690
Total Cash Requirements Before Debt Service	553,267	553,267	-	553,267
Cash Available for Debt Servi (A)	243,367	243,367	-	243,367
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	170,697	170,697	-	170,697
Other Debt	-	-	-	-
Reserve Account @ 10%	12,414	12,414	-	12,414
Renewal & Replacement Fund (2.5%)	19,866	19,866	(787) (3)	19,079
Total Debt Service Requirement	202,977	202,977	(787)	202,190
SB 234 Cash Working Capital	33,474	33,474	-	33,474
Remaining Cash	6,916	6,916	787	7,703
Percent Coverage (A) / (B)	142.57%	142.57%		142.57%
Average rate for 3,400 gallons	\$ 71.62	\$ 71.62	\$ -	\$ 71.62
Average rate for 4,000 gallons	\$ 84.00	\$ 84.00	\$ -	\$ 84.00

**COWEN PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2806**

**Attachment A
PREFERRED FUNDING PACKAGE
SCENARIO 1**

Staff Adjustments

<u>Adjustment Description</u>			
		\$	Increase <Decrease>
(1) Operating Revenues	Per Staff Analysis	761,160	(33,474)
	Per Application with Project	794,634	
Adjust revenues in accordance with PSC General Order 183.11.			
(2) SB 234 Annual Working Cash Collections	Per Staff Analysis	33,474	33,474
	Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.			
(3) Renewal & Replacement Fund (2.5%)	Per Staff Analysis	19,079	(787)
	Per Application with Project	19,866	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.			

COWEN PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2806
July 13, 2026

**LOAN FUNDING PACKAGE
SCENARIO 2**

	Rule 42 Going Level Per Application Before Project	Rule 42 Proforma Per Application with Project	Staff Adjustments	Per Staff Analysis
	1	2	3	4
	\$	\$	\$	\$
<u>AVAILABLE CASH</u>				
Operating Revenues	794,634	1,062,426	(26,474) (1)	1,035,952
Other Operating Revenue	2,000	2,000	-	2,000
SB 234 Annual Working Cash Collections			33,474 (2)	33,474
Interest Income & Other Misc.	-	-	-	-
Total Cash Available	796,634	1,064,426	7,000	1,071,426
<u>OPERATING DEDUCTIONS</u>				
Operating Expenses	535,577	535,577	-	535,577
Taxes	17,690	17,690	-	17,690
Total Cash Requirements Before Debt Service	553,267	553,267	-	553,267
Cash Available for Debt Servi (A)	243,367	511,159	7,000	518,159
<u>DEBT SERVICE REQUIREMENTS</u>				
Principal & Interest (B)	170,697	413,724	5,967 (3)	419,691
Other Debt	-	-	-	-
Reserve Account @ 10%	12,414	36,717	596 (4)	37,313
Renewal & Replacement Fund (2.5%)	19,866	26,561	(612) (5)	25,949
Total Debt Service Requirement	202,977	477,002	5,951	482,953
SB 234 Cash Working Capital	33,474	33,474	-	33,474
Remaining Cash	6,916	683	1,049	1,733
Percent Coverage (A) / (B)	142.57%	123.55%		123.46%
Average rate for 3,400 gallons	\$ 71.62	\$ 95.76	\$ 0.67	\$ 96.43
Average rate for 4,000 gallons	\$ 84.00	\$ 112.31	\$ 0.79	\$ 113.10

**COWEN PUBLIC SERVICE DISTRICT - SEWER
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2025
APPLICATION NO: 2026S-2806**

**Attachment B
LOAN FUNDING PACKAGE
SCENARIO 2**

Staff Adjustments

<u>Adjustment Description</u>			\$	Increase <Decrease>
(1)	Operating Revenues	Per Staff Analysis	1,035,952	(26,474)
		Per Application with Project	1,062,426	
Adjust revenues in accordance with PSC General Order 183.11.				
(2)	SB 234 Annual Working Cash Collections	Per Staff Analysis	33,474	33,474
		Per Application with Project	-	
Account for SB 234 (2015) funding pursuant to PSC General Order 183.11.				
(3)	Principal & Interest	Per Staff Analysis	419,691	5,967
		Per Application with Project	413,724	
The difference in P&I is related to Staff's calculation of a loan of \$4,200,000 for 40 years (paid over 38 years) at 5%.				
(4)	Reserve Account @ 10%	Per Staff Analysis	37,313	596
		Per Application with Project	36,717	
Staff assumed a 10% reserve on the new debt.				
(5)	Renewal & Replacement Fund (2.5%)	Per Staff Analysis	25,949	(612)
		Per Application with Project	26,561	
Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.				